## Message Text

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INFO OCT-01 ISO-00 CIAE-00 PM-04 H-02 INR-07 L-03 NSAE-00

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E.O. 11652: GDS TAGS: PINT, IT

SUBJ: DEMARTINO'S BOMBSHELL; WHAT IT MEANS

REF: ROME 18949

SUMMARY: FIRST REACTIONS TO PSI SECRETARY DEMARTINO'S THREAT

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OF AN IMMEDIATE GOVERNMENT CRISIS (REFTEL) INDICATE THAT THE

COMMUNISTS AND CHRISTIAN DEMOCRATS ARE MOUNTING MAJOR EFFORTS TO PLACATE THE SOCIALISTS. PCI LEADER SEGRE TOLD EMBOFF SITUATION NOW LESS TENSE, AND HE DERIVES ENCOURAGEMENT FROM SOCIALIST SPOKESMAN VITTORELLI'S STATEMENT THAT A "CLARIFICATION OF THE POLITICAL SITUATION NEED NOT LEAD TO CRISIS." HOWEVER, SOURCE CLOSE TO DEMARTINO PUTS CHANCES FOR A CRISIS AS HIGH IMMEDIATELY FOLLOWING THE PSI'S DIRECTORATE MEETING JANUARY 7-8. DEMARTINO HAS IN EFFECT MOVED UP TIMEABLE AND SERVED DC WITH ULTIMATUM ON PSI DEMAND TO ASSOCIATE PCI TO NATIONAL GOVERNMENT MAJORITY. PSI HAS THUS MADE SOME SORT OF GOVERNMENT CRISIS VIRTUALLY IN-EVITABLE, LEAVING OPEN ONLY ITS IMMEDIATE OR NEAR-TERM TIMING. ABORTION ISSUE WHICH HAS PITTED DC AND PCI AGAINST SOCIALISTS, AND GOVERNMENT'S FAILURE TO CLEAR WITH SOCIALISTS BEFORE APPROVING SENSITIVE ECONOMIC LEGISLATIVE PROPOSALS JUST BEFORE HOLIDAYS, AROUSED BITTER SOCIALIST REACTIONS, AND APPARENTLY FORCED DEMARTINO'S HAND WITHIN PARTY. END SUMMARY.

- 1. THOUGH HOLIDAYS AND CAUTION HAVE DELAYED DEFINITIVE REACTIONS FROM MANY QUARTERS TO PSI SECRETARY DEMARTINO'S "NEW SOLUTIONS FOR A GRAVE CRISIS" (REFTEL), BASIC ATTITUDES TOWARD IT ARE ALREADY CLEAR. ALSO APPARENT WITH HINDSIGHT IS THE PLAY OF EVENTS WHICH PROMPTED IT
- 2. THE SOCIALISTS: UNTIL JUST BEFORE THE CHRISTMAS PARLIAMENTARY RECESS DEMARTINO'S PLAN TO PUT OFF ANY SOCIALIST INITIATIVE TO BRING DOWN THE MORO-LAMALFA GOVERNMENT, AT LEAST UNTIL THE PSI CONGRESS IN FEBRUARY, HAD MAJORITY SUPPORT. THEN TWO DEVELOPMENTS CAUSED THE SITUATION WITHIN THE PARTY TO SLIP OUT OF CONTROL: PARLIAMENTARY MANEUVERING ON THE ABORTION ISSUE WHICH PROVIDED ANOTHER FLAGRANT EXAMPLE OF DC-PCI COOPERATION AGAINST THE EMOTIONALLY HELD PSI POSITION; AND THE GOVERNMENT'S COUP DE MAIN, PRACTICALLY ON CHRISTMAS EVE, IN APPROVING TWO SENSITIVE ECONOMIC MEASURES FOR ADOPTION BY PARLIAMENT: THE DECENTRALIZATION TO THE REGIONS OF THE FUND FOR THE SOUTH, AND THE CONTROVERSIAL MEDIUM-TERM ECONOMIC MEASURES. LATTER MOVES SPARKED IMMEDIATE AND ANGRY SOCIALIST REACTIONS, AND THE INEVITABLE SHARP RIPOSTE FROM THE PRI, WHOSE RELATIONS WITH PSI HAVE STEADILY WORSENED.

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3. MOST GALLING ASPECT FOR SOCIALISTS WAS GOVERNMENT'S (READ L MALFA'S) APPARENTLY DELIBERATE OMISSION OF PRIOR CONSULTATION WITH THEM. THAT THE NORMALLY CIRCUMSPECT SOCILIST LEADER WAS MOVED TO GIVE A TIT-FOR-TAT, RELEASING HIS BOMBSHELL JUST BEFORE NEW YEAR, INDICATES THAT SENTIMENT WITHIN THE PARTY FOR AN IMMEDIATE "CLARIFICATION" OF THE POLITICAL SITUATION IS NOW DOMINANT. (DEMARTINO'S SECRET OF SUCCESS HAS ALWAYS BEEN SENSING SHIFTS IN THE PARTY'S CENTER OF GRAVITY AND TAKING HIS

STAND FIRMLY UPON IT. HE HAS THUS MAINTAINED BOTH THE PARTY'S "UNITY" AND HIS OWN LEADERSHIP.)

- 4. WHAT DEMARTINO HAS DONE UNDER PRESSURE IS ANTICIPATE THE MOVE SCHEDULED FOR THE CONGRESS AND IN EFFECT PRESENTED THE DC WITH AN ULTIMATUM TO ASSOCIATE THE PCI TO THE GOVERNMENT MAJORITY "IN SOME MANNER." THOUGH COUCHED IN LANGUAGE WHICH LEAVES THE DOOR OPEN TO A COMPROMISE, A POSSIBILITY REITERATED BY SOME SOCIALIST SPOKESMEN (VITTORELLI), HIS MOVE HAS ALL BUT ELIMINATED THE POSSIBILITY OF AVOIDING A CRISIS IN THE NEAR TERM, AND LEFT OPEN ONLY ITS TIMING.
- 5. SOURCE CLOSE TO DEMARTINO HAS TOLD EMBOFF THAT PROBABILITY FOR AN IMMEDIATE GOVERNMENT CRISIS NOW "HIGH," I.E., ABOUT JANUARY 7-8 WHEN SOCIALIST DIRECTORATE CONVENES TO DISCUSS CONGRESSION-AL PLATFORM. THE DC AND THE PCI HAVE THUS A RELATIVELY SHORT TIME TO PLACATE THE SOCIALISTS, AND CONVINCE THEM THAT THEIR INTERESTS, AS WELL AS EVERYONE ELSE'S, WILL BE BETTER SERVED BY

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AWAITING THE RESULTS OF THE PARTY CONGRESSES. THAT EFFORTS ARE BEING MADE IS EVIDENT FROM THEIR FIRST REACTIONS. SUMMARIZED BELOW:

6. THE DC: INITIAL DC REACTION TO DEMARTINO THREAT OF PRO-VOKING A GOVERNMENT CRISIS WAS SHARP EDITORIAL IN DECEMBER 31 EDITION OF PARTY DAILY IL POPOLO. EDITORIAL DENOUNCED DEMARTINO'S "VIOLENT ATTACK ON GOVERNMENT" AS FOLLOWING "ABSURD LOGIC" CONFIDENTIAL

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OF SOME SOCIAL DEMOCRATS (E.G., TANASSI, CARIGLIA) IN THINKING THAT BY "BREAKING INTO FRAGMENTS WHAT LITTLE REMAINS INTACT" THE OVERALL SITUATION WILL BE "MADE HEALTHY." ARTICLE REJECTED DEMARTINO PROPOSAL FOR "EMERGENCY GOVERNMENT" (INCLUDING PCI ASSOCIATION WITH MAJORITY) AND WARNED THAT CRISIS NOW WOULD "INEVITABLY" LEAD TO EARLY PARLIAMENTARY ELECTIONS.

7. HOWEVER, JANUARY 2 IL POPOLO CARRIED EDITIORIAL, REPORTED-LY INSPIRED BY DC SECRETARY ZACCAGNINI, WHICH TAKES MORE CON-CILLIATORY LINE. EDITORIAL REAFFIRMS "NECESSITY" FOR DC-SOCIALIST COLLABORATION AND EXPRESSES WILLINGNESS OF DC TO SEEK "AN ACCORD THROUGH A FRANK DISCUSSION" OF DC-PSI DIFFERENCES. EDITORIAL STATES THAT DC IS AWARE OF PSI PRE-CONGRESS "PROBLEMS" AND RATHER CRYPTICALLY EXPRESSES OPTIMISM THAT "WITHIN A FEW MONTHS" AFTER DC AND PSI CONCLAVES, PROBLEMS WHICH "TODAY APPEAR INSOLUBLE" CAN BE RESOLVED. EDITORIAL THEN SHIFTS FROM CARROT TO STICK WITH A WARNING THAT A CRISIS NOW MIGHT FACILITATE "MOBILIZATION" OF OTHER PARTIES (E.G., THE DC) FOR AN ELECTORAL BATTLE.

8. CRITICAL COMMUNIST (PCI) ATTITUDE TOWARD LATEST PSI MANEUVER WAS DELINEATED IN FRONT PAGE EDITORIAL IN L'UNITA JANUARY 2. WHILE ACKNOWLEDGING THAT SOCIALISTS HAVE REASON FOR DISSATISFACTION WITH THE PERFORMANCE OF THE PRESENT BICOLORE GOVERNMENT, THE PCI ARGUES THAT AN IMMEDIATE CRISIS, ALONG THE LINES WHICH DEMARTINO IS SUGGESTING, WOULD NOT BE THE BEST MANNER IN WHICH TO BRING ABOUT THE RESULTS DESIRED BY DEMARTINO HIMSELF. SUCH A CRISIS WOULD LIKELY BE QUITE LENGTHY, L'UNITA POINTS OUT, AND WOULD IN ALL PROBABILITY LEAD THE COUNTRY TO EARLY ELECTIONS. A POLITICAL EVOLUTION OF THIS NATURE, THE NEWSPAPER ADDS, WOULD NOT BE A POSITIVE STEP IN THE DEMOCRATIC DEVELOPMENT OF

THE COUNTRY AND WOULD GREATLY ASSIST THOSE IN THE DC WHO HAVE NOT RENOUNCED THE IDEA OF A FRONTAL ENCOUNTER OF THE POLITICAL FORCES AND OF SPLITTING OF THE COUNTRY. FINALLY THE EDITORIAL NOTES THAT A CRISIS WOULD MEAN THE POSTPONEMENT OF ACTION ON THE ABORTION LEGISLATION AND ON THE MEDIUM-TERM ECONOMIC PROPOSALS.

9. DURING A CONVERSATION WITH AN EMBOFF JANUARY 2, PCI FOREIGN SECTION CHIEF SEGRE INDICATED THAT THE POLITICAL ATMOSPHERE HAS CALMED SOMEWHAT FOLLOWING PUBLICATION OF DEMARTINO'S EDITORIAL DECEMBER 31 AND THAT THE INEVITABILITY OF A CRISIS HAS LESSENED SOMEWHAT. SEGRE OBSERVED THAT VITTORELLI'S COMMENT CONFIDENTIAL

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OFFERED SOME HOPE THAT A WAY OUT OF THE CURRENT SITUATION COULD BE FOUND AND A CRISIS POSTPONED UNTIL AFTER THE PSI AND DC CONGRESSES. PCI, ACCORDING TO SEGRE, ATTRIBUTES DEMARTINO'S LATEST TWIST TO BEHIND THE SCENES TENSION WITHIN THE PSI IN-CLUDING A CERTAIN WEAKENING OF DEMARTINO'S OWN PERSONAL POSITION AS WELL AS TO THE FAILURE OF THE GOVERNMENT TO CONSULT WITH THE PSI IN ADVANCE ON ITS NEW ECONOMIC PROPOSALS. AS A POSSIBLE FACE-SAVING WAY OUT OF THE CURRENT SITUATION, SEGRE SAID THAT THERE ARE HINTS THAT THE GOVERNMENT WILL INITIATE CONTACTS ON THE ECONOMIC PROPOSALS WITH THE PSI PRIOR TO THE SCHEDULED JANUARY 7-8 PSI DIRECTORATE MEETING. FOR ITS PART, SEGRE STATED THAT THE PCI WOULD DO WHATEVER IT COULD AT THIS JUNCTURE TO AVOID A CRISIS WHICH WOULD CRIPPLE THE COUNTRY.

10. THE SOCIAL DEMOCRAT PARTY (PSDI) IS THE ONLY ONE IN WHICH MAJOR LEADERS HAVE ALREADY GONE ON RECORD. PARTY SECRETARY TANASSI HAS STATED THAT DEMARTINO'S INITIATIVE MAKES A CRISIS "INEVITABLE"; AND THAT "IT IS NECESSARY TO RECOGNIZE THE SITUATION COURAGEOUSLY, AND WORK FOR THE FORMATION OF A NEW GOVERNMENT." PSDI DEPUTY SECRETARY CARIGLIA, WHO IN AN EARLIER STATEMENT HAD IMPLIED SUPPORT FOR SOCIALIST PRESSURES FOR A CRISIS, REVEALED THAT THE GOVERNMENT HAD FAILED TO CONSULT WITH THE SOCIAL DEMOCRATS AS WELL BEFORE APPROVING ITS CONTROVERSIAL ECONOMIC MEASURES. CONTRARY TO DEMARTINO'S VIEWS, HOWEVER, HE EXCLUDES ASSOCIATING THE PCI TO THE MAJORITY, "SURREPTIOUSLY OR OPENLY." VOLPE

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